



316 Legislative Building • PO Box 40412 • Olympia WA 98504-0412
E-MAIL: parlette.linda@leg.wa.gov • PHONE: (360)786-7622 • FAX: (360)786-1266
Senate Republican Caucus Chair
Committees: Financial Institutions and Insurance; Health and Long-Term Care;
Ways and Means; Rules.

March 23, 2007

Greetings from the Capitol. This week we were back in committee meetings holding hearings on bills that had passed the House. The deadline to move bills from the opposite chamber out of committee is Friday, March 30. The House and Senate fiscal committees have until Monday, April 2, to approve bills from the opposite chamber – except those necessary to implement the budgets.

Several of you recently returned the district survey I mailed a few weeks ago as part of my government guide, and many of you signed up to receive my weekly e-mail. Thank you, and welcome! The government guide mailing list is assembled by a company that contracts with the state, and the distribution doesn't go to all households in the district. If you did not receive a government guide and would like one, please contact my assistant, Shiloh Burgess, at my Olympia office, (360) 786-7622. We'd be happy to mail it to you.

What did you have to say?

Many of you are returning the survey I recently sent throughout the district. In the survey I asked how you would like to see the state prioritize the spending of your money in the budget-writing process. Here is what you've said so far about your priorities:

1. **Education**
2. **Tax relief in the state budget** (property tax, etc.)
3. **Requests for spending on specific items in the budget** (pensions, state parks, etc.)
4. **Health care**
5. **Transportation**
6. **Environment**

In January, I mentioned to you that this session we are thinking about our work in Olympia in terms of a real person named Beth. She might be you or I, or someone we know. Beth cares about her family's budget ("b"), she care about the education of her children ("e"), she is concerned about getting around town and across the state safely and easily ("t" for transportation), and thinks a lot about the "h" of affordable health care. I am pleased to see by the first wave of survey responses that we are on the right track!

Several tax relief bills do not pass Senate

Despite the state's revenue surplus – now \$2.1 billion since the March revenue forecast – the Senate did not consider several bills aimed at providing tax relief for Washington's citizens. Included in that list, unfortunately, were three bills I sponsored to provide property tax relief. I would like to thank all of you who supported these measures through your e-mails, phone calls

and testimonies. You can rest assured I will continue to pursue the property tax relief I know you so desperately need. The bills I sponsored are:

- **Senate Bill 5707** would have allowed seniors with incomes up to \$80,000 to have their property value – on which property taxes are based – **limited to a maximum 5 percent increase per year**. The income limit is currently \$35,000. (*Died in the Senate Ways and Means Committee.*)
- **Senate Bill 5708** would have allowed all seniors over age 60 to **defer their property taxes** until the time of their death or when they sell their home. The current limit is for seniors over age 60 with incomes under \$40,000. (*Died in Senate Ways and Means Committee.*)
- **Senate Bill 5709** would have required all counties to **assess properties on an annual cycle** by 2010. Currently, 21 counties assess on a two-, three-, or four-year cycle vs. an annual cycle. Longer evaluation cycles result in huge property tax spikes in a single year. (*Died in Senate Ways and Means Committee.*)

In addition, these bills did not pass the Senate:

- **Senate Bill 5001** would have **preserved the Initiative 747 cap** on property tax collections by state and local governments. The cap applies to total collections; state and local governments may not collect more than 1 percent over the previous year's collections. Tax rates must be adjusted to accommodate this cap. (*Died in Senate Government Operations and Elections Committee.*)
- **Senate Bill 5946** would have required the state actuary to include a recommendation regarding the impact of projected mortality improvements on state pension contribution rates. Under this bill, beginning July 1, 2007, the Legislature would have been required to **recognize that people are living longer** when adopting contribution rates for the state's retirement systems. (*Died in Senate Ways and Means Committee.*)
- **Senate Bill 5487** would have **increased the threshold for what is taxable under the state's estate tax**. The measure would have required annual adjustments to the threshold to keep inflation from pushing more families into owing estate taxes when someone dies. (*Died in Senate Ways and Means Committee.*)

House 2007-09 spending plan 15 percent higher than the current budget

On Tuesday, the House released its state operating budget plan for the 2007-09 biennium. Every other year the Legislature holds a "long" 105-day session, with the main purpose being to write a two-year state budget. The governor always unveils his/her budget in December, followed by the legislative budgets. The House and Senate take turns introducing their budget plans first – this year it was the House's turn to lead. The House unveiled its biennial spending plan last Tuesday, March 20, in the form of **House Bill 1128**. The Senate will release its budget next Tuesday.

Overall, the plan spends nearly \$33.4 billion, a \$4.4 billion increase in spending over the current budget. The recent \$240 million revenue gain (because of lower-than-expected caseloads) is spent, not saved. The \$2.1 billion surplus is drained to \$664 million. In addition, the House does not propose a constitutionally protected savings account (the Senate did pass bills to enact a rainy day fund, but they have not received a House hearing). The House budget also puts the state and taxpayers at risk by not making up the "skipped" payments to the plan 1 pension account's unfunded liability. Finally, it makes a number of fund transfers which inflate the state spending limit.

The House budget does, however, partially fund a proposal to make our communities safer by helping released offenders succeed instead of falling back into a life of crime (**Senate Bill 5070**), and provides additional dollars to the state's colleges and universities to keep tuition increases below the 7 percent cap as required in the Senate-passed measure, **Senate Bill 5806**.

House releases 2007-09 transportation budget (House Bill 1094)

In 2003 and 2005, when the Legislature raised the gas tax, the state made a promise to complete a list of 432 statewide transportation projects through 2021. Since then, construction costs have escalated. To keep on track, the House transportation budget borrows additional money – \$1.1 billion. The Senate transportation budget, due to be released soon, is expected to also borrow additional funds to keep the state's commitment.

The total budget proposed by the House is \$7.32 billion. The budget also takes a new approach to “megaprojects.” Rather than waiting until financing is secure and cost estimates are complete, the budget begins the huge projects to avoid the inflationary costs of delaying initial work. Projects such as the Evergreen Point Bridge, the North-South Freeway near Spokane, and the Columbia River crossing are good examples of work that could begin before all the details are ironed out. In preparation for the 2010 Winter Olympics to be held in Vancouver, B.C., \$6 million is provided to the state Department of Licensing to create a new enhanced driver's license which will allow Washington residents to cross the Canadian border without having to purchase a passport. Applying for the new license is voluntary. The enhanced license is authorized in **Engrossed Substitute House Bill 1289**, which passed the House of Representatives on March 13 and the Senate on March 21.

Bill to fix state parks with money from the surplus fails to pass; House passes voluntary \$5 license tab fee instead

The last time the Legislature appropriated major funding to fix, repair and improve our state parks was in the 1970s. More than a quarter of state parks buildings are due for major upgrades or replacement, and half of the state parks' utility systems need major upgrades or replacing. Washington's park system was created in 1913 – before the national park system – and is the fourth-oldest state park system in the United States – attracting over 40 million visitors each year.

Senate Bill 5003 would have set up an account to provide significant investments in our state parks. The account would start with \$165 million, which with interest over the next six years, would have increased to \$190 million – the amount needed for maintenance and repair projects. This would be one-time spending, which means it would make a big difference without forcing additional spending in future years. It also helps us avoid higher costs later – a win-win situation for taxpayers and park visitors. The money would come from the state's general fund, which currently has a \$2.1 billion surplus.

The Senate did not consider SB 5003, but instead is poised to pass a bill from the House of Representatives (**Substitute House Bill 2275**) that would levy a voluntary \$5-per-year fee on license tab renewals to pay for park maintenance and repairs.

Internet sales tax passes Legislature

Currently, Internet sellers and mail-order houses only collect a state's sales tax if they have a physical presence in that state. Washington's business community sees this as unfair competition since they must collect state and local sales taxes. Since 2002, the state has been making changes to the tax code as part of a multi-state effort to simplify state sales and use tax structures to make

them more uniform. Without this uniformity, it would be very difficult for online sellers and mail-order houses to collect and remit sales taxes to the various states. This year, **Substitute Senate Bill 5089**, which makes the final changes to Washington's tax code to fully conform to the uniform structure, was approved by both the House and Senate. However, Congress must act before the states can force online and mail-order retailers to collect and remit the sales tax.

How do you define "basic education"?

The Legislature adopted the Basic Education Act (BEA) in 1977 following a Superior Court ruling that the state was not fully funding basic education. In subsequent rulings, the court said that a number of educational programs, in addition to those contained in the BEA, are part of the state's constitutional obligation to provide basic education to all children residing in Washington state. The laws containing these programs are not all in the same place within the state's law books, the Revised Code of Washington (RCW), making it difficult for citizens to know exactly what the state's obligation is when it comes to funding our public schools. **House Bill 1285** would consolidate all programs considered basic education into a new chapter of 28A RCW. (*HB 1285 was put on the schedule for a public hearing in the Senate Early Learning and K-12 Education Committee.*)

Basic education includes the following:

☒ Per pupil allocation of state general fund dollars to each school district based on a minimum statutory ratio of students to staff with appropriate recognition of the following costs:

- Certificated instructional staff and their related costs
- Certificated administrative staff and their related costs
- Classified staff and their related costs
- Extraordinary costs of remote and necessary schools and small high schools, including costs of additional certificated and classified staff
- Attendance of students who do not reside within the school district

☒ Special education

☒ Student transportation

☒ Learning assistance (remediation for students deficient in basic skills)

☒ Bilingual instruction

☒ Instructional cost of juveniles in detention facilities and other institutions

AARP and the Washington State Department of Financial Institutions team up to protect people from investment fraud

A series of investor education events, entitled "Invest Wise Washington," is being scheduled across the state (there is one scheduled for **April 4 in Kennewick**) to alert people to bogus investment deals promising high returns. Con artists are becoming increasingly sophisticated in tailoring their pitches to fit each individual victim. The "Invest Wise Washington" campaign is the first of its kind to incorporate information about persuasion and influence tactics with financial literacy. The campaign also includes television and radio ads, and a free kit that includes an Invest Wise booklet, a DVD and other helpful information on wise and safe investing. For information call 1-800-RING-DFI or visit the department's Web site at: www.dfi.wa.gov.

Another related topic we have heard a great deal about is identity theft. **House Bill 1755**, which would allow consumers to place a freeze on their credit before having their identity stolen. As it stands now, a consumer must wait to freeze his or her credit until he or she has become an identity theft victim. The new law would allow people whose purses, wallet or other identifying

materials are stolen to prevent identify theft, rather than wait until they are the victims of it. This measure passed the House unanimously and is now in the Senate Financial Institutions and Insurance Committee,

Washington Prescription Drug Program launched

The Washington Prescription Drug Program is a new prescription drug discount program created by the Legislature in 2005. The discount card is now available to all Washington residents, regardless of age or income. It will help those who do not have insurance for prescription drugs, or those whose insurance does not cover all their prescription drug needs. There is no enrollment fee. For an enrollment form and additional information about participating pharmacies, call 1-800-913-4146 or visit the Web site at: www.rx.wa.gov.

In closing...

Thanks again to all of you who are returning your district surveys, and welcome to those of you who are new to receiving my weekly e-mail. If my office can help you in any way on issues related to the Legislature or state government, please do not hesitate to contact me.

Have a great weekend!

Linda

LINDA EVANS PARLETTE

Washington State Senator, 12th District

(509) 663-9702 E-mail: Parlette.Linda@leg.wa.gov

Legislative Toll Free Hotline: 1-800-562-6000

For information about public hearings, proposed new laws, and the progress of bills you are interested in, please visit the Legislature's Information Web site at www.leg.wa.gov.